

REMARKS

This application has been reviewed in light of the Office Action dated July 8, 2005. Claims 1-20 are now presented for examination. Claims 1 and 3 have been amended to define more clearly what Applicants regard as their invention. New Claims 12-20 have been added to provide Applicants with a more complete scope of protection. Claims 1, 13, and 19 are in independent form. Favorable reconsideration is requested.

The Rejection Under 35 U.S.C. 101

Claims 1-11 were rejected under 35 U.S.C. 101 because, the Office Action states, “the claimed invention is directed to non-statutory subject matter.” According to the Office Action, “[t]he rejected claims appear to be directed to computer program” and “Claims 1-11 are . . . rejected [because] there is no indication that the proposed software is recorded on computer-readable medium and/or capable of execution by a computer.”

As a threshold matter, the Office Action does not identify any reasons why the Examiner believes that Claims 1-11, which recite a “system”, are directed to a computer program. In any event, Applicants take no position now as to whether or not any of the presently pending system claims is directed to such subject matter. Moreover, the Office Action does not explain why a claim reciting a “system” would be non-statutory, nor does the Office Action cite any USPTO rules or case law supporting such a proposition. Nevertheless, it is strongly believed that the rejected claims are in fact statutory. Indeed, that those claims are statutory is confirmed by the fact that the USPTO has issued at least

one other patent relating to business-type subject matter wherein the claims recite a system. *See, e.g.*, Claims 8-12 of U.S. Patent 5,412,190, of record, which issued as recently as May 2, 1995.

In view of the foregoing, it is believed that the Section 101 rejection is both inconsistent with the issuance of the foregoing patent, and clearly improper. Thus, withdrawal of the Section 101 rejection is respectfully requested.

If, despite the foregoing remarks, the Examiner still refuses to withdraw the Section 101 rejection, the Examiner is respectfully requested to explain why the USPTO has issued another U.S. patent directed to business-type subject matter wherein a “system” is claimed, and why the USPTO would be legally justified in taking a contradictory position in the present application.

The Rejection Under 35 U.S.C. 103(a)

Claims 1-11 were rejected under 35 U.S.C. 103(a) as being unpatentable over “CHECK ADJUSTMENT REQUEST FEDERAL RESERVE BANK“ from http://www.richmondfed.org/financial_services/check/adjustments/pdf/request-form.pdf), hereinafter “Paper Adj”, in view of “Electronic Check Adjustments Federal Reserve Bank” from <http://www.stlouisfed.com/publications/pq/1998/a/pq1998a5.html>, hereinafter “Electronic Adj”.

Before addressing the foregoing rejection in detail, an aspect of the present invention will first be described.

According to one embodiment of the present invention, an exchange system is provided that includes plural financial institutions, such as a first bank 34, Bank A, at least one other bank 38, Bank B, and a central exchange 36. *See, e.g.*, page 8, lines 1-13 of the specification and Fig. 3.¹ The first bank 34 sends at least one cash letter adjustment 35 to the central exchange 36. The exchange 36 then processes the cash letter adjustment and makes an electronic settlement determination. Settlement information is communicated back to the first bank 34, to another bank 38, Bank B, which is involved in the adjustment, and in some cases, to a Federal Reserve Bank 39.

By virtue of the foregoing system of the invention, centralized administration of all cash letter adjustments between various banks is provided at the central exchange on an electronic basis, and thus costs, time expenditures, input and delivery errors and other inefficiencies that often are encountered in manual adjustment procedures are avoided or at least substantially reduced. Moreover, no substantiating documentation is needed to complete transactions.

The rejection of Claim 1 will now be addressed.

As amended, Claim 1 is directed to an electronic exchange system for processing cash letter adjustments between a plurality of authorized financial institutions, including a sender institution, a receiver institution and a central exchange center. The system comprises means for entry of adjustment data into the system, the data including

¹/ It should be understood that the foregoing embodiment is referred to herein for purposes of illustration only, and the scope of the claims should not be construed as being limited to that embodiment only.

sender institution information, receiver institution information, adjustment amount information, and data validation information. The data relates to cash letter adjustments between the sender and receiver institutions. The system also comprises processor means for processing the adjustment data at the central exchange center to make an electronic settlement determination, the processing means including means for validation of the data. The processing means includes sorting means for sorting the data by sender institution and receiver institution. The system also comprises notification means for notifying the sender institution and the receiver institution which are involved in the cash letter adjustments of adjustment data, including at least settlement information, after successful validation by the processing means.

It is respectively submitted that nothing has been found, or pointed out, in either Paper Adj or Electronic Adj that would teach or suggest an electronic exchange system for processing cash letter adjustments between a plurality of authorized financial institutions, including a sender institution, a receiver institution and a central exchange center, *wherein processor means processes adjustment data, relating to cash letter adjustments between the sender and receiver institutions, at the central exchange center to make an electronic settlement determination*, as recited in Claim 1. (Emphasis added).

To the contrary, the Paper Adj reference relied on in the Office Action is merely a manual form entitled “Check Adjustment Request - Federal Reserve Bank”, and includes various check boxes and other spaces where information can be manually entered relating to a “RECEIVER”, “SENDER”, “NATURE OF REQUEST”, “RESEARCH

INFORMATION” and the like. Paper Adj clearly does not explicitly teach or suggest that any settlements are determined electronically.

Electronic Adj relates to a so-called "Fedline" capability in which a financial institution submits "cases" instead of sending a check adjustments request form. Preformatted data entry screens apparently are used for entering and sending "adjustments electronically." Each screen contains field tags that identify adjustment information. A multiple choice tool is usable to select an adjustment case type. Fedline verifies that data can be processed by the receiving Federal Reserve Bank. Allegedly, "[e]lectronic delivery, combined with receiving more accurate data, considerably speeds up the adjustment process." A request is entered into an adjustment process, and supporting documentation is faxed to the Federal Reserve Bank. Electronic Adj also states that "[y]ou also get an acknowledgment indicating the Fed received your case, and we send a notification when it is resolved." Fedline apparently also can be used to receive adjustments the Fed makes to an account.

As can be seen, Electronic Adj is understood to relate merely to enabling a single financial institution to correct its own accounting records through cooperation with the Federal Reserve Bank, and adjustment information is exchanged between only the Federal Reserve and that single financial institution. For example, Electronic Adj states:

“We [the ‘Fed’] receive your [financial institution] adjustment request within seconds after you create it and send it. The request is entered immediately into our adjustment process, then you fax your supporting documentation. You also get an acknowledgment indicating that the Fed received your case, and we send a notification when it is resolved.”

Nothing in either the foregoing quotation or anywhere else in Electronic Adj teaches or suggests processor means for processing, at a central exchange center, adjustment data relating to cash letter adjustments between sender and receiver instructions, to make an electronic settlement determination, and notification means for notifying the sender institution and the receiver institution which are involved in the cash letter adjustments of adjustment data, including at least settlement information, as set forth in Claim 1. (Emphasis added). Indeed, the fact that Electronic Adj requires an institution to “fax . . . supporting documentation” after an adjustment request is received by the “Fed” seems to indicate that any adjustment procedure is performed, at least in part, manually at the “Fed.” Paper Adj also does not teach or suggest the foregoing features of Claim 1.

Because neither Paper Adj nor Electronic Adj teaches or suggests those features, it is respectfully submitted that the Office Action has failed to establish a *prima facie* case of obviousness against Claim 1. MPEP 2143.03 (“To establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art.”) (citation omitted). Accordingly, Claim 1 is clearly patentable over Paper Adj and Electronic Adj, whether considered separately or in combination.

The following comments are offered in response to the Office Action’s comments supporting the Section 103(a) rejection of Claim 1.

Although the Office Action concedes at page 4, lines 1-2 that “Paper Adj does not explicitly disclose an electronic exchange system” as set forth in Claim 1, the Office Action then asserts that:

"However, Electronic Adj discloses an electronic exchange system comprising: processing means for validation of said data (i.e., verifies the data, see <http://www.stlouisfed.com/publications/pq/1998/a/pq1998a5.html>, pg 2), and, notification means for notifying said sender institution and said receiver institution of adjustment data after successfully validation by said processing means (see <http://www.stlouisfed.com/publications/pq/1998/a/pq1998a5.html>, pg 2&3). It would have been obvious to one of ordinary skill in the art to implement the manual adjustment process of Paper Adj in the electronic adjustment system of Electronic Adj to guarantee delivery and to speed up the adjustment process. Furthermore, the examiner takes notice that merely providing an automatic means to replace a manual activity which accomplishes the same result is not sufficient to distinguish over the prior art, *In re Venner*, 262 F.2d 91, 95, 120 USPQ 193, 194 (CCPA 1958).

The foregoing assertions are respectfully disagreed with for the following reasons.

It has been well established that "reliance on *per se* rules of obviousness is legally incorrect and must cease." *In re Ochiai*, 71 F.3d 1565, 1572, 37 USPQ2d 1127, 1133 (Fed. Cir. 1995)). In an opinion which was not written for a publication journal, but which is referred to herein for purposes of illustration because its reasoning is believed cogent and compelling, *Ex parte Brouillet*, Appeal No. 1998-2297, heard by the Board of Patent Appeals and Interferences on April 12, 2001,² the examiner initially rejected claims based on the reasoning that "it has been held that broadly providing a mechanical or

²/ *Ex parte Brouillet* (copy attached) is a non-precedential opinion. Nonetheless, because the facts in that case appear analogous to those of the present case and, as pointed out above, the opinion appears cogent and compelling, it is referred to above to help illustrate the deficiencies of the Office Action's reasoning supporting the Section 103(a) rejection of Claim 1. *In re Ochiai* is cited in *Ex parte Brouillet* as well.

automatic means to replace manual activity which has accomplished the same result involves only routine in [sic, routine] skill in the art. In *re Venner*, 120 USPQ 192.” *Ex parte Brouillet* at page 5. The Board of Appeals, however, reversed the examiner’s rejection, and articulated the following reasoning:

In *In re Venner*, 262 F.2d 91, 94, 120 USPQ 192, 194 (CCPA 1958), the appellants argued that “the basis for allowance of the appealed claims [to an apparatus for molding trunk pistons of aluminum and magnesium alloys] resides in the combination of the old permanent-mold structures together with a timer and solenoid which automatically actuates the known pressure valve system to release the inner core after a predetermined time has elapsed.” The court stated that “it is well settled that it is not ‘invention’ to broadly provide a mechanical or automatic means to replace manual activity which has accomplished the same result.” *Venner*, 262 F.2d at 95, 120 USPQ at 194. In *Venner*, however, all limitations in the claims, including the automatic means, were disclosed in the applied references. *See Venner*, 262 F.2d at 96, 120 USPQ at 195.

In the present case, unlike in *Venner*, the examiner has not provided a reference which discloses a high speed rotary power tool, let alone one which is used for cleaning glass. The examiner has merely relied upon a *per se* rule that providing a mechanical or automatic means to replace manual activity which has accomplished the same result is unpatentable. As stated by the Federal Circuit in *In re Ochiai*, 71 F.3d 1565, 1572, 37 USPQ2d 1127, 1133 (Fed. Cir. 1995), “reliance on *per se* rules of obviousness is legally incorrect and must cease.”

For [[inter alia]] the above reasons we conclude that the examiner has not carried the burden of establishing a *prima facie* case of obviousness of the appellant’s claimed invention. Accordingly, we reverse the examiner’s rejection.

Ex parte Brouillet at pages 5, 6, and 9.³

³/ Bracketed text appears in the original, while double-bracketed text has been added herein for clarification purposes.

The instant case is analogous to *Ex parte Brouillet* and distinguishable from *In re Venner*. For example, unlike in *In re Venner* where all claim limitations, including automatic means, were disclosed in the applied references (See *In re Venner*, 262 F.2d 91, 96 (CCPA 1958)), and similarly to *Ex parte Brouillet*, where it was found that the Examiner did not provide a reference which disclosed a recited claim feature (i.e., a high speed rotary power tool for cleaning glass), in the present case neither Paper Adj nor Electronic Adj explicitly discloses or suggests certain features of Claim 1, particularly those relating to processing, at a central exchange center, adjustment data relating to cash letter adjustments between a sender institution and a receiver institution, to make an electronic settlement determination, and notifying the sender and receiving institutions of adjustment data, including at least settlement information. The patentability of these features over Paper Adj and Electronic Adj was clearly sufficiently demonstrated above.

Accordingly, the present case is distinguishable from *In re Venner*, and the Office Action's reliance on that case for a *per se* rule of obviousness is inappropriate in the present case. Again, because the above-recited features of Claim 1 are not taught or suggested by the Paper Adj and Electronic Adj, it is respectfully urged that the Office Action has failed to carry the burden of establishing a *prima facie* case of obviousness Claim 1, as required by MPEP 2143.03.

For all of the foregoing reasons, it is believed that the Section 103(a) rejection of Claim 1 has been obviated, and its withdrawal is therefore respectfully requested.

Added independent Claim 13 is directed to an electronic exchange system comprising a central exchange, and a plurality of authorized financial institutions, including a first institution and a second institution, where each is arranged to provide adjustment data relating to cash letter adjustments between the first institution and the second institution, to the central exchange. The central exchange processes the adjustment data provided from at least one of the first institution and the second institution, to make an electronic settlement determination based on the adjustment data, and notifies the at least one of the first institution and the second institution of settlement information based on the settlement determination.

For substantially the same reasons as those presented above in connection with Claim 1, it is respectfully submitted that nothing in either Paper Adj or Electronic Adj teaches an electronic exchange system having the foregoing features. Accordingly, Claim 13 is believed to be clearly patentable over those references, whether considered separately or in combination.

Independent Claim 19 is a method claim corresponding in many relevant respects to system Claim 13, and also is believed to be clearly patentable over the art relied on in the Office Action for the same reasons as is Claim 13.

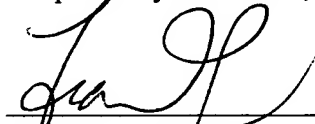
A review of the other art of record has failed to reveal anything which, as understood, would remedy the deficiencies of the art discussed above, as references against the independent claims herein. Those claims are therefore believed patentable over the art of record.

The other claims in this application are each dependent from one or another of the independent claims discussed above and are therefore believed patentable for the same reasons. Since each dependent claim is also deemed to define an additional aspect of the invention, however, the individual consideration or reconsideration, as the case may be, of the patentability of each on its own merits is respectfully requested.

In view of the foregoing amendments and remarks, Applicants respectfully request favorable reconsideration and early passage to issue of the present application.

Applicants' undersigned attorney may be reached in our New York office by telephone at (212) 218-2100. All correspondence should continue to be directed to our below listed address.

Respectfully submitted,



Frank A. DeLucia
Attorney for Applicants
Registration No. 42,476

FITZPATRICK, CELLA, HARPER & SCINTO
30 Rockefeller Plaza
New York, New York 10112-3801
Facsimile: (212) 218-2200

NY_MAIN 545384v2